

_____ (2) amortized at a rate that shall yield a weighted average life that is not greater than the weighted average life that would result from level payments of principal and interest throughout the life of the loan as evidenced by the attached analysis of said weighted average lives.

(c) The principal of the loan evidenced by such Notes has a maturity of not less than 5 years.

[Signed] _____

[Dated] _____

[Name] _____

[Title] _____

[Name and Address of Borrower] _____

EXHIBIT C-2—MANAGER'S CERTIFICATE REQUIRED UNDER LOAN CONTRACT SECTION 6.14 FOR REFINANCING NOTES

On behalf on _____ [Name of Borrower] _____ I hereby certify that the Additional Note or Notes to be issued under Section [2.02] of the Mortgage on or about _____ [Date Note or Notes are to be Signed] _____ meet the requirement of Section [6.14] of the Loan Contract that the weighted average life of such Notes is not greater than the weighted average remaining life of the Notes being refinanced, as evidenced by the attached calculation of said weighted average lives.

[Signed] _____

[Dated] _____

[Name] _____

[Title] _____

[Name and Address of Borrower] _____

PART 1721—POST-LOAN POLICIES AND PROCEDURES FOR INSURED ELECTRIC LOANS

AUTHORITY: 7 U.S.C. 901 *et seq.*; 1921 *et seq.*; and 6941 *et seq.*

EDITORIAL NOTE: Nomenclature changes to part 1721 appear at 55 FR 39397, Sept. 27, 1990.

Subpart A—Advance of Funds

§ 1721.1 Advances.

(a) *Purpose and amount.* With the exception of minor projects, insured loan funds will be advanced only for projects which are included in an RUS approved borrower's construction work plan

(CWP) or approved amendment and in an approved loan, as amended. Loan fund advances can be requested in an amount representing actual costs incurred.

(b) *Minor project.* Minor project means a project costing \$100,000 or less. Such a project qualifies for advance of loan funds even though it may not have been included in an RUS-approved borrower's CWP, amendment to such CWP, or approved loan. Total advances requested shall not exceed the total loan amount. All projects for which loan fund advances are requested must be constructed to achieve purposes permitted by terms of the loan contract between the borrower and RUS.

(c) *Certification.* Pursuant to the applicable provisions of the RUS loan contract, borrowers shall certify with each request for funds to be approved for advance that such funds are for projects in compliance with this section and shall also provide for those that cost in excess of \$100,000, a contract or work order number as applicable and a CWP cross-reference project coded identification number. For a minor project not included in an RUS approved borrower's CWP, the Borrower shall describe the project and do one of the following to satisfy RUS' environmental requirements (see 7 CFR part 1794).

(1) If applicable, state that the project is a categorical exclusion of a type described in § 1794.21(b), which normally does not require preparation of an Environmental Report (ER); or

(2) If applicable, state that the project is a categorical exclusion of a type that normally requires an ER and then:

(i) Submit the ER with the request for funds to be approved for advance, or

(ii) If applicable, certify that it has analyzed the minor project with respect to a comprehensive service area environmental map and data base collected and used in preparing the ER for its RUS-approved borrower's CWP, and that on the basis of that information, the minor project will not be located in an environmentally sensitive area or location.

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(d) *Noncompliance.* Where insured loan funds are found to have been advanced in noncompliance with this section, borrowers will be required to deposit the appropriate amount of the over-advance in the construction fund-trustee account and pay any accrued and unpaid interest to RUS. The Administrator will require borrowers, in order to remedy such noncompliance, to pay an additional amount equal to the interest on the funds over-advanced for the period such funds were outstanding, calculated at a rate equal to the difference between the RUS loan interest rate and the most recent rate at which RUS sold Certificates of Beneficial Ownership (CBO's). While RUS will generally permit the amount of over-advance deposited in the construction fund-trustee account to be subsequently used by the borrower for RUS approved projects, nothing in this section shall be construed to preclude RUS from exercising any rights or remedies which RUS may have pursuant to the loan contract.

[64 FR 72489, Dec. 28, 1999]

EFFECTIVE DATE NOTE: At 64 FR 72489, Dec. 28, 1999, § 1721.1 was revised, effective Feb. 11, 2000. For the convenience of the user, the superseded text is set forth as follows:

§ 1721.1 Advances.

(a) *Purpose and amount.* With the exception of minor construction, insured loan funds will be advanced only for projects which are included in an RUS approved Borrower's construction workplan or approved amendment and in an approved loan, as amended. Loan fund advances can be requested in an amount representing actual costs incurred but not to exceed 130 percent of the project cost estimate on the approved RUS Form 740c, "Costs Estimates and Loan Budget for Electric Borrowers,"¹ as amended. Minor construction is defined as a project costing \$25,000 or less. Such projects qualify for advance of loan funds even though they may not have been included in an RUS-approved Borrower's construction workplan, amendment to such workplan or approved loan. Total advances requested shall not exceed the total loan amount. All projects for which loan fund advances are requested must be constructed to achieve purposes permitted by terms of the

loan contract between the Borrower and RUS.

(b) *Certification.* Pursuant to the applicable provisions of the RUS loan contract, Borrowers shall certify with each request for funds to be approved for advance that such funds are for projects in compliance with this section and shall also provide for those that cost in excess of \$25,000 a contract or work order number as applicable and a workplan cross-reference identification.

For a minor project not included in an RUS approved Borrower's construction workplan, the Borrower shall describe the project and do one of the following to satisfy RUS's environmental requirements (see 7 CFR part 1794).

(1) If applicable, state that the project is a categorical exclusion of a type described in 7 CFR 1794.31(b) which normally does not require preparation of a Borrower's Environmental Report (BER); or

(2) If applicable, state that the project is a categorical exclusion of a type that normally requires a BER and then:

(i) Submit the BER with the request for funds to be approved for advance, or

(ii) If applicable, certify that it has analyzed the minor project with respect to a comprehensive service area environmental map and data base collected and used in preparing the BER for its RUS-approved Borrower's construction workplan, and that on the basis of that information the minor project will not be located in an environmentally sensitive area or location.

(c) *Noncompliance.* Where insured loan funds are found to have been advanced in noncompliance with this rule, Borrowers will be required to return the appropriate amount of the over advance together with any accrued and unpaid interest to RUS. The Administrator will require Borrowers, in order to remedy such noncompliance, to pay an additional amount equal to the interest on the funds over advanced for the period such funds were outstanding, calculated at a rate equal to the difference between the RUS loan interest rate and the most recent rate at which RUS sold Certificates of Beneficial Ownership (CBO's). While RUS will generally permit the amount of over advance returned to be requested subsequently by the Borrower for RUS approved projects, nothing herein contained shall be construed to preclude RUS from exercising any rights or remedies which RUS may have pursuant to the loan contract.

[50 FR 5368, Feb. 8, 1985. Redesignated at 55 FR 39395, Sept. 27, 1990]

¹A copy of these forms and publications may be obtained by writing the Rural Utilities Service, Washington, DC 20250.

Subpart B [Reserved]